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## Economic Commission for Europe

Conference of European Statisticians

**Group of Experts on National Accounts**

**Thirteenth session**
Geneva, 6-9 May 2014

# Annotated provisional agenda for the thirteenth session

To be held at the Palais des Nations, Geneva starting on 6 May at 9:30 in Salle VII.

## I. Provisional agenda

1. Opening addresses and adoption of the agenda.

### A. First module: Special Session for Eastern Europe, Caucasus and Central Asia, South East Europe and other interested countries

2. Progress with national implementation plans for the System of National Accounts, 2008 (2008 SNA)

3. Update of the regional recommendations and further work to support implementation of the 2008 SNA

### B. Second Module: Expert Group on National Accounts

4. Challenges and approaches to the implementation of 2008 SNA

5. Expanded accounts for the household sector including non-profit institutions, serving households (NPISH)

6. Measuring non-observed economy: informal and illegal

7. Globalization and national accounts: accounting for global production

8. Future work and adoption of the report

9. Other business

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# II. Annotations to the provisional agenda

## A. First module: Special Session for Eastern Europe, Caucasus and Central Asia, South East Europe and other interested countries (6 May 2014)

*Organisers: European Free Trade Association (EFTA), Eurostat, UNSD and UNECE*

*Contributions by: National Statistical Committee of the Republic of Belarus, National Statistical Office of Mongolia, State statistical committee of the Republic of Tajikistan, Rosstat of Russian Federation (to be confirmed), other EECCA and SEE countries, UNECE, Interstate Statistical Committee of the Commonwealth of Independent States (CISSTAT)*

1. This module is devoted to issues related to the implementation of the 2008 SNA in the countries of Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE).

### 1. Item 2. Progress with national implementation plans for the 2008 SNA

2. In 2012 the EECCA and SEE countries presented their national implementation plans for the 2008 SNA in accordance with an agreed template, provided by UNECE and in line with the 3-stage approach proposed by the ISWGNA. On this base UNECE with the help of the Steering Group on National Accounts developed a set of regional recommendations for the implementation of the 2008 SNA, which aim to help countries to strengthen the quality and international comparability of their national accounts statistics.

3. The purpose of this item is to follow-up the on the progress made in the implementation of the 2008 SNA and the regional recommendations.

4. In spring 2014 UNECE will ask countries to update their national plans and will present the main findings to the meeting. Countries will also present specific issues related to the implementation of the 2008 SNA, report on recent developments and main challenges. Other international organizations that are active in the region will provide an overview of their work and capacity building activities in support of the 2008 SNA.

### 2. Item 3. Update of the regional recommendations and further work to support implementation of the 2008 SNA

5. This item will discuss the need to update the regional recommendations for implementation of the 2008 SNA. The regional recommendations follow the global implementation strategy supported by the United Nations Statistical Commission, which proposes gradual implementation in accordance with the six milestones developed by the ISWGNA.

6. At this stage the UNECE regional recommendations are mainly focussed upon items that substantially affect GDP and its main components, because in 2012 this area of work was considered by the countries in the region as first priority. Many countries have already progressed with their plans for improving the quality of GDP and may wish to address other issues that affect the sector accounts and balance sheets.

7. The session should also identify the areas where countries experience difficulties and where the efforts of international and regional organizations should focus. Participants should agree on common priorities for regional technical assistance and methodological guidance, as well as on follow-up activities to support and monitor the implementation of the 2008 SNA in the region.

## B. Second module: Expert Group on National Accounts (7-9 May 2014)

### 1. Item 4. Challenges and approaches to the implementation of 2008 SNA

*Organiser: Statistics Canada*

*Contributions by: Central Bureau of Statistics (Israel), State Statistics Service of Ukraine, US Bureau of Economic Analysis (BEA), Organisation for Economic Co-operation and Development (OECD), Statistics Netherlands, Statistics Canada, State Statistical Committee of Azerbaijan Republic, Federal Statistical Office Germany, Office for National Statistics (ONS) of United Kingdom, Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT)*

8. In recent years, one of the main tasks of national statistical offices around the world is the implementation of the 2008 SNA and the related European System of National Accounts (ESA 2010). The adoption of the new standards, while improving the relevance of national accounting information, poses a number of challenges. These can range from the development of new data sources, back-casting, coordination across the accounts, communication and the implementation of new classification system.

9. This session will present some specific challenges countries have faced in implementing 2008 SNA and the innovative solutions they have developed to address these challenges. The goal is to highlight best practices among member countries and to learn from each other as we work towards greater compliance with the 2008 SNA standard and in turn international comparability.

10. The session will include country specific presentations on the implementation of the 2008 SNA ranging from the impact on national accounts measures (Ukraine, Netherlands), challenges in planning and communicating the revision with the main users and policy makers (Canada), revised treatment in the area of pensions (Israel, US), research and development (OECD, UK), financial services (Azerbaijan, Germany) and military expenditures (UK).

### 2. Item 5. Expanded accounts for the household sector including NPISH

*Organiser: United States Bureau of Economic Analysis (US BEA)*

*Contributions by: OECD, Statistics Netherlands, Statistics Canada, European Central Bank*

11. This session will address practical issues that arise in preparing data on the household and the NPISH sectors under the 2008 SNA. In addition to this, the session will also examine some of the recent efforts to expand the accounts to include information on the distribution of income and of final consumption expenditures, as has been highlighted in the "Beyond GDP" reports and projects. The session will provide an overview of recent initiatives to provide such information as an important supplement to what is available in the core SNA institutional sector accounts.

12. *It's about the household,* prepared by OECD. The paper will provide an overview of the main work streams in relation to households at the OECD: 1) Household Dashboard, providing timely indicators on the main economic developments of households; 2) Drivers of differences between GDP growth and real Household (Adjusted) Disposable Income; 3) Distribution of income, consumption and saving across household groups, consistent with national accounts.

13. *What's going on within the Households Sector: Giving a picture beyond the macro view,* by Statistics Netherlands, will give an overview of the research work done within the

households sector in two projects. The aim is to introduce both projects, cover the overlap and differences in scope and methodology between them, and present some results.

14. *Non-profit Institutions Serving Households* by Statistic Canada will address some practical issues in compiling data for an NPISH sector account. In October 2012 Statistics Canada released a revised set of quarterly national accounts aligned with the 2008 SNA. One of the important improvements to the Canadian quarterly national accounts was the development of a non-profit institutions serving households' sector account. The paper outlines the data sources and methodologies used to build the quarterly accounts as well as provides an overview of the resulting estimates.

15. The session will also include a paper on accounts of the household sector by the European Central Bank.

### 3. Item 6. Measuring non-observed economy: informal and illegal

*Organiser: OECD and UNECE*

*Contributions by: Statistics Canada, Statistics Netherlands, the National Institute of Statistics and Geography (INEGI, Mexico), National Statistical Office (NSO) of Mongolia*

16. Under this item the countries will share experience on how they ensure exhaustive coverage of their national accounts, i.e. how they estimate the economic activities that should be part of GDP but for different reasons are not well captured in basic statistical sources. The issue was always of interest to the international statistical community and in recent years got high prominence not only from a statistical but also from a policy perspective (mainly in discussion on the so called tax gaps).

17. The 2008 SNA puts more focus on non-observed economy than its predecessors. It dedicates a full chapter (Chapter 25) to more extensive discussion on non-observed economy and the informal sector. Other international publications such as the OECD Handbook on Measuring the Non-observed Economy (2002) and the UNECE Survey on Non-observed Economy in National Accounts (2003 and 2008) have provided guidance on measurement techniques and overview of how countries apply these methods in practice. The session will provide to countries opportunity to present and discuss the results of their efforts to improve the measures of non-observed economy, including illegal activities and the informal sector.

18. *Informal Economy under the Framework of the Mexican System of National Accounts* describes the measurement of the phenomenon by INEGI in line with the rules and recommendations of the International Labour Organization (ILO), the Delhi Group and other international agencies. The research and the methodology that INEGI developed for the rebasing of the Mexican national accounts to the year 2008 are also addressed. The paper presents the weight of the informal economy components and quantifies their relative shares as a percentage of GDP.

19. *Measuring the Non-observed economy in the Dutch National Accounts* provides an overview of the estimates compiled by Statistics Netherlands during the ESA 2010 revision for the various elements of the non-observed economy. It presents categorization of the various methods for estimating the NOE with their pros and cons, including a description of the activity specific method that was used in the Netherlands. The paper discusses various integration issues such as double counting and the need to reallocate some expenses between activities and describes in more technical detail the introduction of illegal activities in the Dutch system as well as possibilities to improve the estimates in future work.

20. *The Underground Economy in Canada, 1992 to 2011* of Statistics Canada presents the most recent underground economy estimates for Canada based on the three methods of measuring GDP, the expenditure-based approach, the income-based approach and the

industry-based approach. The study innovates by providing an estimate of underground economy without the effect of inflation. The underground economy estimates are fully integrated with the revised framework of the Canadian System of National Accounts. Estimates presented give an upper bound, as recommended by the OECD Handbook on measuring the non-observed economy. The study provides an overview of the methods and data sources used to derive the estimates.

21. *Non-observed economy of Mongolia* presents the survey and the estimates of the size of non-observed economy developed by the NSO of Mongolia in accordance with the frameworks presented in the OECD Handbook for Measurement of Non-observed Economy and the 2008 SNA and the UNECE Survey of Non observed economy in National Accounts. The developed estimates take into account the recommendations of the 2008 SNA and the ILO Handbook in respect to the measurement of the informal sector and informal employment. The productions of goods for own final consumption is determined separately. The aim is to provide comparable information on the size of non-observed economy with that of other countries.

## 4. Item 7. Globalization and National Accounts: accounting for Global Production

*Organiser: Task Force Global Production*

*Contributions by: Task Force Global Production, US Bureau of Economic Analysis, INEGI (Mexico), Census and Statistics Department (Hong Kong, China), Statistics Singapore, Czech Statistical Office*

22. The first part of this item will focus on the work of the UNECE Task Force (TF) on Global Production (TF), created to support the effective implementation of the System of National Accounts, 2008 (2008 SNA) and the Balance of Payments and International Investment Position Manual (BPM6) in respect to global production arrangements. The TF developed a Guide to Measuring Global production, which was sent for global consultation on February 2014.

23. The session will include a presentation of the progress of work, the main findings of the TF and the feedback from the global consultation. The main discussion will focus on the seven key recommendations of the Guide (R1 – R7) detailed in Chapter 11. TF proposals covering the trading relationships of factoryless goods production arrangements, as well as the demarcation between factoryless goods production and trading, both issues not yet included in the Guide, will also be introduced for further discussion. The aim is to provide inputs for the TF to further elaborate the corresponding sections of the Guide and to prepare it for adoption by the Conference of European Statisticians in 2015.

24. The second part of this item will include presentations of country experience with measuring global production: implementation of the 2008 SNA recommendations on goods sent abroad for processing and merchanting, data collection, compilation techniques and other challenges related to globalization and national accounts.

25. Recent work by the Task Force on Global Production has focused attention on factoryless goods production and the challenges that result for data collection and economic measurement. *Data collection on factoryless goods producers and global production by BEA* will describe data collection in the United States and efforts to use surveys to collect information on purchases and sales of contract manufacturing services and to identify factoryless goods producers. The paper also outlines additional work that would be required to fill remaining data gaps and to develop a complete set of accounts for these types of producers.

26. *Compiling trade in goods and services statistics using the change of ownership principle* will present the experience of Hong Kong, China in compiling statistics on goods

sent abroad for processing and merchanting in the GDP and BoP frameworks since 2012. Data are backcasted to earlier periods where such global production activities were notable. This paper will present Hong Kong's experience and challenge in measuring the activities in line with 2008 SNA.

27. *Global Manufacturing Production: Main Results for Mexico* presents the work carried out by INEGI during the rebasing of the national accounts of Mexico to the year 2008 and the development of the Supply and Use Tables and Input-Output Tables. Because today's official statistics must address new issues such as the emergence of new business practices, for the first time INEGI measured the economic activity of global manufacturers. The results are presented in supplementary Supply and Use tables for 2008, tabulated by industry under the North American Industry Classification System 2007 (NAICS 2007). The paper will introduce the methodology and main results in measuring of global manufacturing production and the value added content in global manufacturing exports.

28. *Quantification of property incomes of non-residents in National Accounts and Balance of Payments by Czech Republic* addresses some challenges in the implementation of 2008 SNA/ESA2010 and BPM6 ensuring conceptual compliance between the two standards. Two examples of the current Czech practice show that the full compliance will be very difficult to reach: (1) dividends arising from the hidden economy, and (2) reinvested earnings on direct foreign investment quantified based on business and national accounting principles.

29. The session will also include a paper by Statistics Singapore on implementation of the 2008 SNA recommendations on goods for processing (to be confirmed).